

RECEIVED
LEGISLATIVE AUDITOR
2008 DEC 17 AM 10:53

OFFICIAL
FILE COPY

DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

FINANCIAL STATEMENTS
AND
ACCOUNTANT'S REPORT

JUNE 30, 2008 AND 2007

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/21/09

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
JUNE 30, 2008 AND 2007

PAGE

Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Notes to Financial Statements	6-8
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	9-10
Schedule of Findings and Questioned Costs	11
Schedule of Prior year Audit Findings	12

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 2896

TELEPHONE 322-8106

FAX 387-5015

MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the accompanying statements of financial position of Northeast Louisiana Arts Council (a nonprofit organization) as of June 30, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Louisiana Arts Council as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, on our consideration of Northeast Louisiana Arts Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be considered in assessing the results of our audit.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
December 16, 2008

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash & Cash Equivalents (Notes 1 & 2)	\$133,469	\$144,867
<u>Furniture and Equipment, net</u> (Notes 1 & 3)	<u>3,429</u>	<u>0</u>
<u>TOTAL ASSETS</u>	<u>\$136,898</u>	<u>\$144,867</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 0	\$ 700
Accrued Payroll Taxes	2,861	3,719
DAFP Grants & Expenses Payable	<u>38,516</u>	<u>48,606</u>
<u>TOTAL CURRENT LIABILITIES</u>	41,377	53,025
<u>Net Assets</u>		
Unrestricted:		
Operating	92,092	91,842
Fixed Assets	<u>3,429</u>	<u>0</u>
<u>TOTAL NET ASSETS</u>	<u>95,521</u>	<u>91,842</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$136,898</u>	<u>\$144,867</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>UNRESTRICTED NET ASSETS</u>		
<u>PUBLIC SUPPORT AND REVENUES</u>		
Memberships	\$ 14,315	\$ 15,840
Interest Income	4,596	4,926
Contracted Service Revenues	40,736	54,993
Corporate Support	12,650	28,455
Foundation Support	36,500	46,400
Fundraisers	16,675	28,079
Other Income	7,094	5,994
Grant and Regrant-City of Monroe	35,000	35,000
National Endowment	10,000	0
DOA Support	66,500	50,052
Decentralized Grant - CDC Contract	25,000	25,000
Decentralized Grant-Administrative Allowance	15,421	14,575
Decentralized Grant - Parish Re grants	138,784	131,149
In-Kind Income - City of West Monroe	<u>20,000</u>	<u>20,000</u>
<u>TOTAL SUPPORT - UNRESTRICTED</u>	443,271	460,463

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF ACTIVITIES-CONTINUED
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>EXPENSES</u>		
Administrative Salaries	92,818	89,250
Outside Professional Services - Artistic	48,566	70,326
Other Professional Services	2,900	5,841
Rent and Utilities	21,953	21,351
Staff and Artistic Travel	7,367	6,581
Marketing Promo and Printing	2,531	10,479
Office Supplies & Discretionary	779	609
Telephone	2,115	2,562
Travel and Lodging	7,549	5,500
Board Meeting Expense	1,868	2,317
Outside Professional Services - Other	2,000	2,073
Developing	1,559	1,050
Equipment Rental	588	677
Insurance	2,129	1,958
Miscellaneous Equipment and Software	1,937	897
Payroll Taxes and Benefits	19,705	17,836
General Postage	737	1,251
Other Supplies	994	807
Development and Fundraising	4,666	6,546
Decentralized Parish Re grants	138,784	131,149
Re grants and Scholarships	33,497	40,838
Special Events	44,550	41,094
Depreciation	<u>0</u>	<u>525</u>
<u>TOTAL EXPENSE</u>	<u>439,592</u>	<u>461,517</u>
<u>CHANGE IN NET ASSETS</u>	3,679	(1,054)
<u>NET ASSETS, Beginning of Year</u>	<u>91,842</u>	<u>92,896</u>
<u>NET ASSETS, End of Year</u>	<u>\$ 95,521</u>	<u>\$ 91,842</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	\$ 3,679	\$(1,054)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	0	525
Increase (Decrease) In:		
Accounts Payable	(700)	(778)
Accrued Payroll Taxes	(858)	685
DAFP Grants & Expenses Payable	<u>(10,090)</u>	<u>8,885</u>
<u>NET CASH PROVIDED BY (USED IN) ACTIVITIES</u>	(7,969)	8,263
<u>NET CASH USED IN INVESTING ACTIVITIES</u>		
Purchase of Equipment	<u>(3,429)</u>	<u>0</u>
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(11,398)	8,263
<u>BEGINNING CASH & CASH EQUIVALENTS</u>	<u>144,867</u>	<u>136,604</u>
<u>ENDING CASH & CASH EQUIVALENTS</u>	<u>\$133,469</u>	<u>\$144,867</u>

See Notes to Financial Statements

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Northeast Louisiana Arts Council (the Council) is a nonprofit corporation based in West Monroe, Louisiana. The Council serves the citizens of Northeast Louisiana by providing funding and services to support and foster an environment in which the arts can thrive. The Council's support comes primarily from memberships, donor's contributions, and various government and arts agency grants.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Council has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present a statement of cash flows. As permitted by the statement, the Council has discontinued its use of fund accounting.

Contributions

The Council has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Public Support and Revenue

Contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Grants and other contributions are recorded when received and are generally available for unrestricted use unless specifically restricted by the donor.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash in checking, savings, and certificates of deposit is considered cash and cash equivalents for the purposes of the statement of cash flows.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Council is exempt from Federal and State income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes has been made in these financial statements.

Depreciation and Amortization

Furniture and equipment are recorded at cost when purchased or, if donated, at fair market value at date of donation. Depreciation of furniture and equipment is provided using the straight-line method.

Budgetary Practices

The Council prepares an annual budget which is approved by the Board of Directors.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following bank accounts at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Capital One	\$ 388	\$ 14,932
Community Trust	43,266	41,447
Community Trust - CD	10,817	10,000
Bancorp South - CD	18,789	17,414
Iberia - Decentralized	19,357	8,694
Cross Keys Checking	40,852	52,380
<u>TOTAL</u>	<u>\$133,469</u>	<u>\$144,867</u>

NOTE 3 - FURNITURE & EQUIPMENT

A summary of furniture and equipment follows:

	<u>2008</u>	<u>2007</u>
Furniture and Equipment	\$43,687	\$40,258
Less: Accumulated Depreciation	(40,258)	(40,258)
<u>NET FURNITURE AND EQUIPMENT</u>	<u>\$ 3,429</u>	<u>\$ 0</u>

Depreciation expense for the years ended June 30, 2008 and 2007 totaled \$0 and \$525, respectively.

NOTE 4 - COMPENSATION - BOARD OF DIRECTORS

There was no compensation paid to any member of the Board of Directors during the years 2008 and 2007.

NORTHEAST LOUISIANA ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 5 - DONATED SERVICES AND FACILITIES

The Council receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

The Council occupies without charge certain premises located in a government owned building by local government. The estimated fair rental value of the premises is reported as support and expense in the period in which the premises are used.

NOTE 6 - RETIREMENT BENEFITS

The Council pays 6% of employee's gross salary into a 403B retirement plan. Total retirement benefits were \$5,570 and \$5,355 for 2008 and 2007, respectively.

MARCUS, ROBINSON and HASSELL

CERTIFIED PUBLIC ACCOUNTANTS

P. O. BOX 2896

TELEPHONE 322-8106

FAX 387-5015

MONROE, LOUISIANA 71207-2896

Harvey Marcus, CPA
John Robinson, CPA
Doyle Hassell, CPA

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AN ON OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Northeast Louisiana Arts Council
West Monroe, Louisiana

We have audited the financial statements of the Northeast Louisiana Arts Council as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Northeast Louisiana Arts Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northeast Louisiana Arts Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiency in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely effects the Council's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Council's financial statements that is more than inconsequential will not be prevented or detected by the Council's internal control. We consider the deficiency described in the accompanying schedule of findings and responses (Item 2008-1) to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Council's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Louisiana Arts Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of management of the Northeast Louisiana Arts Council, federal and state awarding agencies and the Legislative Auditor of Louisiana and is not intended to be, and should not be used by anyone other than the specified parties. Although the intended use of these reports may be limited under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Marcus, Robinson & Hassell

Marcus, Robinson and Hassell
Monroe, Louisiana
December 16, 2008

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

We have audited the financial statements of the governmental activities and each major fund of the Northeast Louisiana Arts Council, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2008 resulted in an unqualified opinion.

Section I - Summary of Auditor's Results

i. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses yes x no Significant Deficiency x yes no

Compliance

Compliance Material to Financial Statements yes x no

ii. Federal Awards -N/A

Internal Control

Material Weaknesses yes no Significant Deficiency yes no

Type of Opinion on Compliance Unqualified Qualified
For Major Programs Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?

iii. Identification of Major Programs: N/A

CFDA Number(s) Name of Federal Program (or cluster)

Dollar threshold used to distinguish between Type A and Type B Programs \$N/A

Is the auditee a "low-risk" auditee, as defined by OMB Circular A-133? yes No N/A

Section II - Financial Statement Findings

Internal Control Over Financial Reporting 08-01 - Inadequate Segregation of Duties

Due to the small number of employees, the Arts Council did not have adequate segregation of functions within the accounting system. Based upon the cost-benefit of additional personnel, it is not feasible to achieve complete segregation of duties.

Correction Action Plan

No response is considered necessary.

Contact Person

Tommy Usrey

Anticipated Completion Date

NA

Section III - Federal Award Findings and Questioned Costs - N/A

NORTHEAST LOUISIANA ARTS COUNCIL
WEST MONROE, LOUISIANA

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

Section I - Internal Control and Compliance Material to the Financial Statements

No findings were reported under this section

Section II - Internal Control and Compliance Material to Federal Awards

No findings were reported under this section.

Section III - Management Letter

No management letter was issued.